

Storage and Demilitarization



Briefing to Industry

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Demil Team at Industry Day



- **LTC Brian Raftery, PM Demil**
- **Mr. Rich Fuller, Demil Office, HQ Joint Munitions Command**
- **Mr. Larry Nortunen, Associate Tech Director, Defense Ammunition Center**
- **Ms. Debbie Hookway, PM Support Contractor (Camber Corporation)**
- **Ms. Natali Manning, Camber Corporation**
- **Mr. John Semler, Camber Corporation**
- **Mr. Walt Sasser, Camber Corporation**
- **Ms. Vicky Armbruster, Consultant**
- **Mr. Tom Carr, Consultant**



Objective

Reduce the Demil stockpile through innovative and non-traditional processes that present little or no cost to the Government while presenting a viable business opportunity for the receiving organization



Storage BLUF

- **We are running out of covered storage space at the key ammunition outload depots - current projections indicate they could be full by FY 10-12; cuts to demil funding will get them fuller, faster**
- **Demilitarization of conventional ammunition is constrained by funding, not capability or capacity**



Storage Capacity



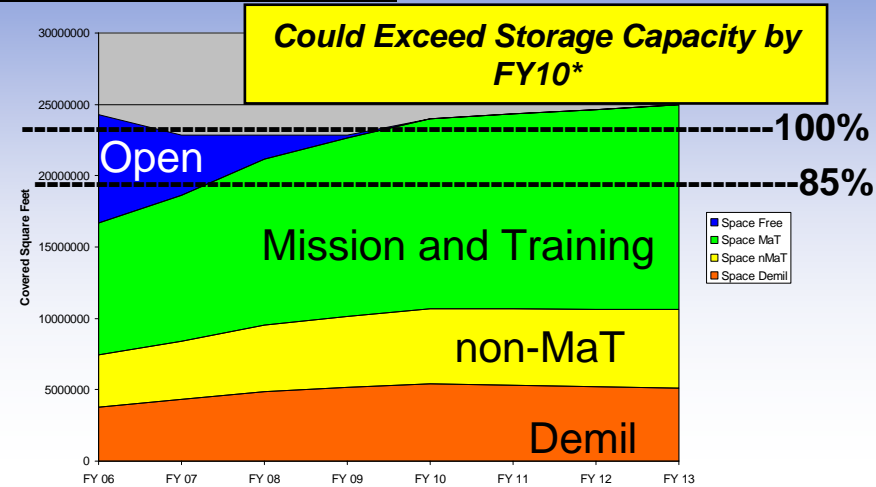
Background

<u>CONUS</u>	Stockage Objective (tons)	Current (tons)	%
MaT* capacity	TBD	1152K	TBD
nMaT capacity	TBD	449K	TBD
Demil capacity	<u>100K</u>	<u>441K</u>	<u>441%</u>
Total:		2042K	

- BRAC RRM C (FY06): 36K tons - 6% loss in overall storage capacity
- OCONUS Retrograde (FY08): ~40k tons/year

*Mission and Training stocks

Depot Occupancy Profile Projection



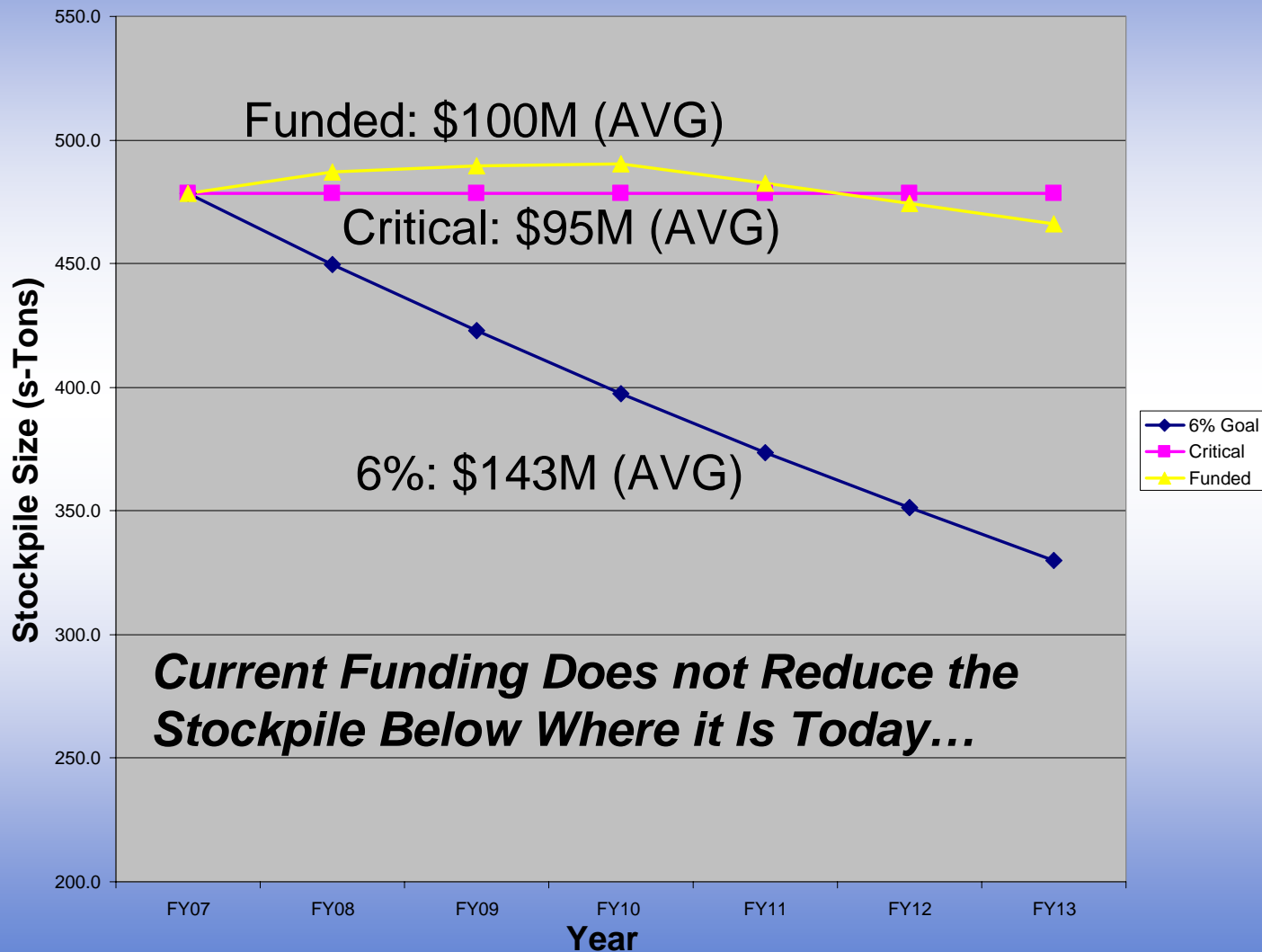
Assumptions: 5 Retrograde ships/year, growth in density factor and BRAC closures

Analysis

- Sufficient capacity to meet war time stockage objectives
 - FY08: exceed 85% maximum target ceiling
 - FY10: exceed 100% of storage capacity
- Demil will grow from 447K tons (FY05) to 490K tons (FY09)
- FY05: 46% of stocks - non-mission and training and Demil; they are stored alongside and amongst MaT stocks
- Already allocating more sq feet/ton than desired (8.12 vs 7 sq ft/ton)
- Just to keep pace with generations requires funding of \$95M/yr
- Existing storage space is not homogeneous, it is in “holes” amongst the composite stocks



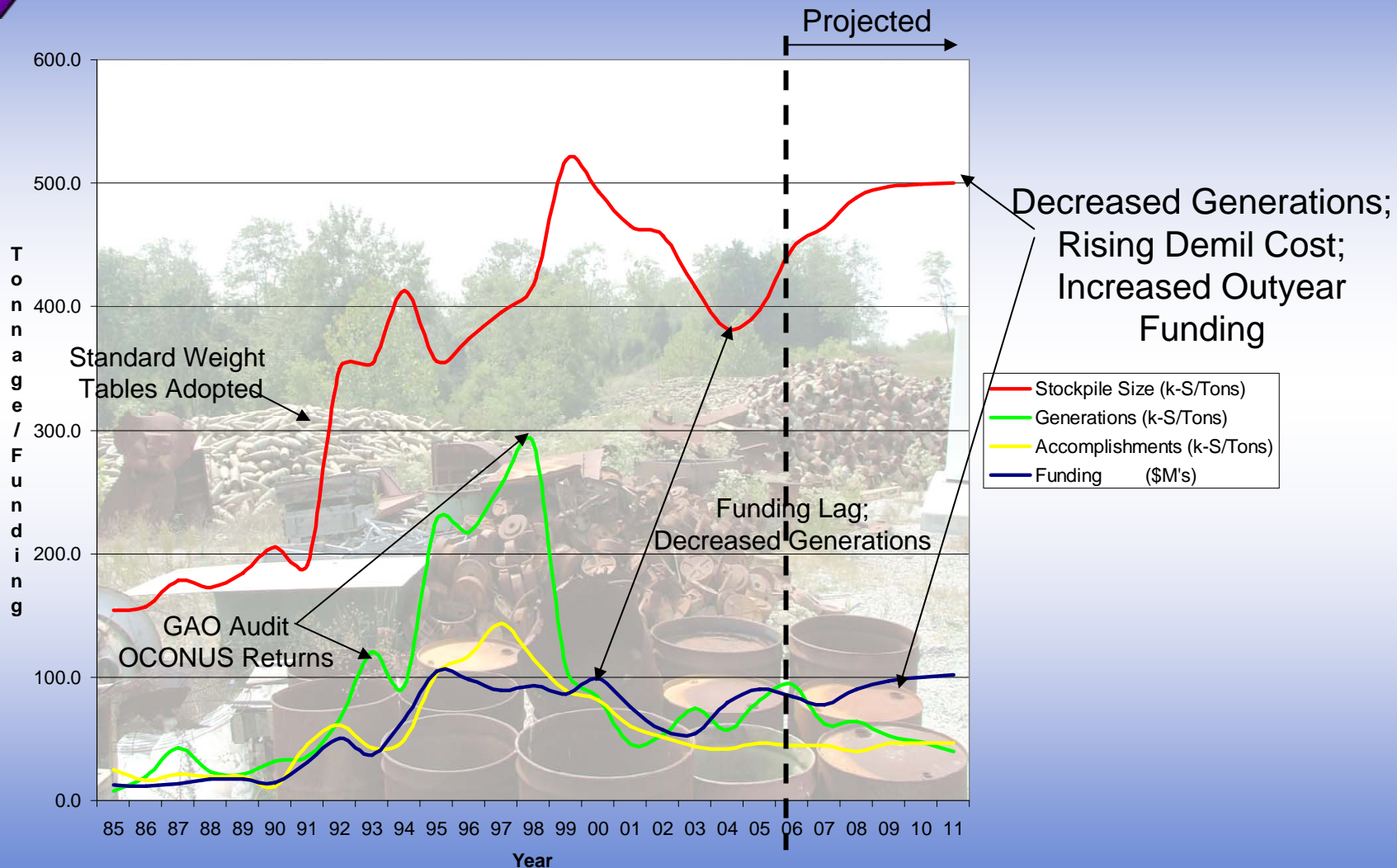
Demil Funding Impact



Based on PresBud FY0607



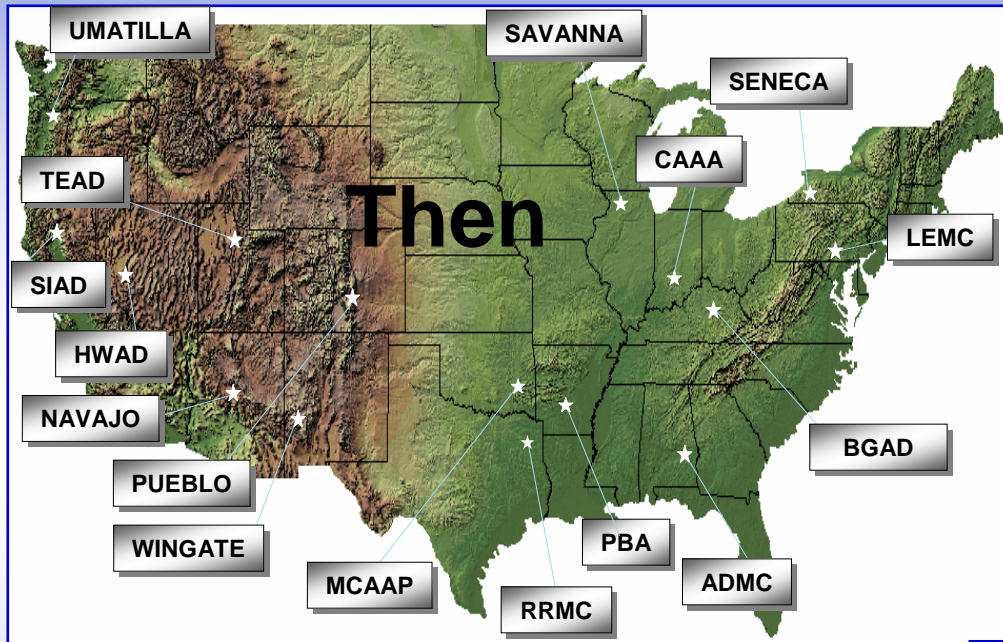
Demil Stockpile: 25 Years of Growth



We've been "kicking the can" down the road since tracking began...



BRAC Impact



1990-

Tonnage: 2.6M

Sq Ft: 40M

Sites: 16

Density: 15.4 ft²/ton

Since 1990 we have lost 40% of our storage capacity; stored stockpile has only decreased by 15%

Our actual storage density is converging on our available storage density- the margin for error is disappearing

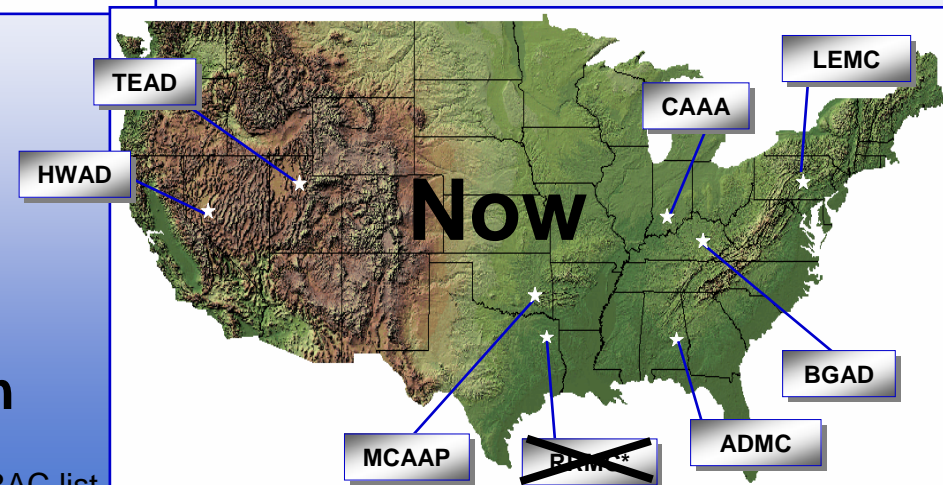
2005-

Tonnage: 2.2M

Sq Ft: 24M

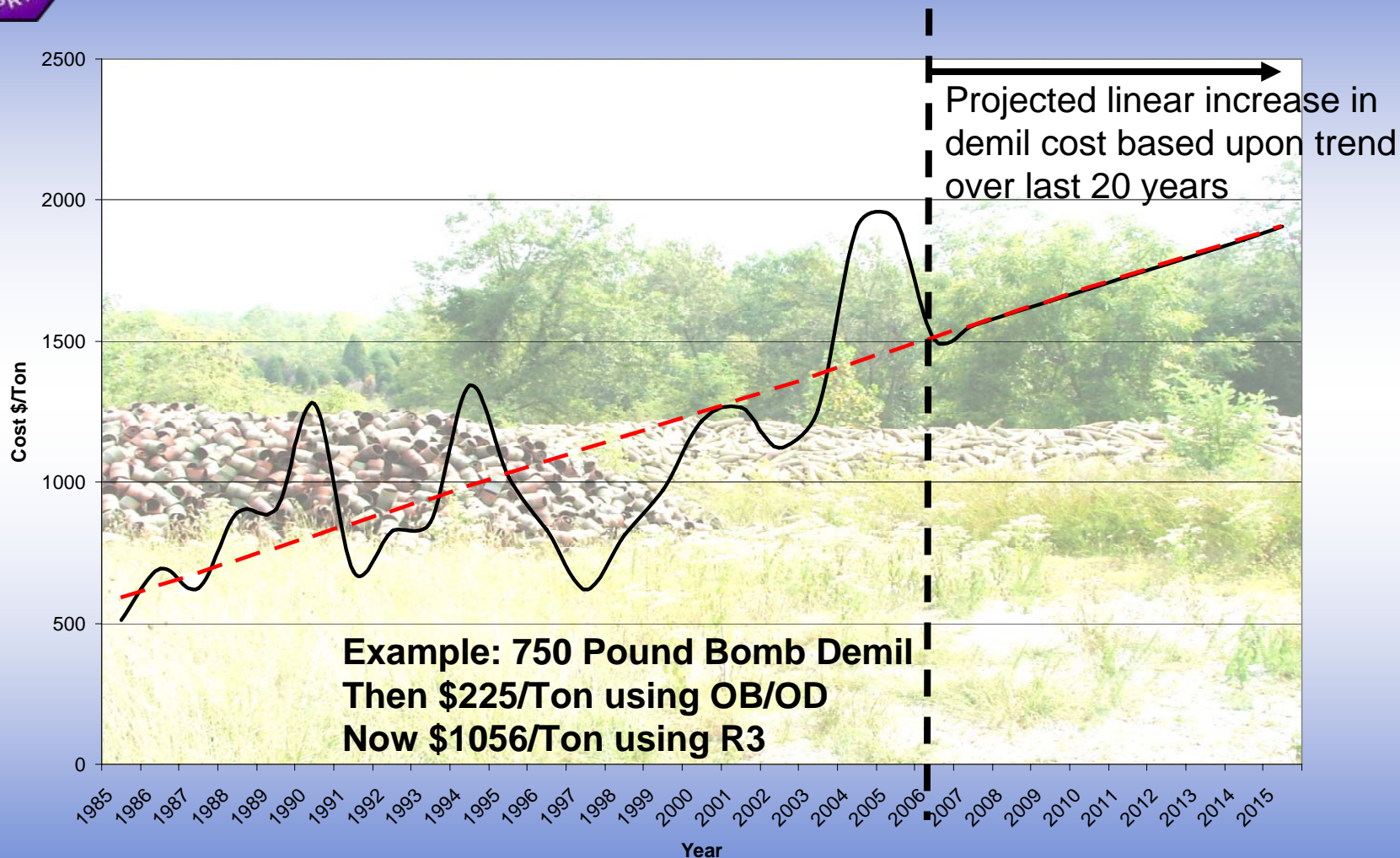
Sites: 8

Density: 11 ft²/ton





Cost of Demil



General Trend: Big bang, small buck to no bang, big buck-
Deferring demil will cause us to pay more and get less tomorrow



Effect of the Rising Cost of Demil



➤ **Crane Army Ammunition Activity (CAAA) has a demil stockpile of 126,000 tons; every year it costs \$5M just to inventory and maintain it**

- ✓ **If we invested that \$5M on demilitarization every year starting back in 1985, CAAA's demil stockpile would have been gone in 1998 for a total cost of about half the current demilitarization budget (\$63M)**
- ✓ **If we started today with \$5M/year it will take 50 years and about twice the annual demil budget (\$252M)**
- ✓ **If we wait those 50 years and start in 2056 it will take about 113 years and almost five times the annual demil budget (\$567M) to get rid of the same 126,000 ton stockpile**

Drawdown Profiles @ \$5M/Year:



- Assumes \$4500/Ton cost of demil in 2055
- Assumes Actual Cost of demil in 1998 and 2005

The cost of lost opportunity is growing as we sink resources into storage



SO WHAT?

- **Fact: Non mission and training (MaT) stocks impede the depots' wartime support mission**
 - They reduce outload efficiency
 - They force depots to store new production in less than optimal locations
 - They cause less than optimal storage workarounds
- **Fact: As storage capacity is filled, it becomes harder to make it more efficient**
- **Fact: Demil is the only storage solution that creates space; all others utilize existing space more efficiently**
- **Fact: Tomorrow's demil methods will cost more**
- **Fact: As stockpile ages and deteriorates, it imposes environmental and handling hazards**
- **Assumption: Brigade Combat Team (BCT) configured loads positioned for optimum response will need more space than homogeneous lots**
 - A Ranger Battalion basic load weighs 64 short tons and occupies 6000 sq. ft. resulting in a density factor of 93.8; planning factor for conventional ammunition is 7 - an order of magnitude increase



SO WHAT?

- **Assumption: Elimination of demil stocks could result in up to a 30% time savings in outload operations and a reduction in overall depot outload costs**
 - **Assumption: Increasing stockpile size will result in increased surveillance costs and burden on existing security infrastructure with increased potential for munitions becoming a criminal/terrorist target**
 - **Fact: Outdoor storage is not a desired option**
 - ✓ **It costs: moving stocks within a depot costs approximately \$53/ton**
 - ✓ **Outdoor storage introduces security, environmental, deterioration, and safety issues**
- The depots are accomplishing their mission; demil and other non-MAT stocks make it harder and more expensive -**



Demil Request for Information



- **Investigating new approaches to reduction of conventional ammo stockpile**
 - ✓ **Create viable business opportunities for industry**
 - ✓ **Non-traditional, innovative alternatives based on sound business practices**
 - ✓ **Open to foreign participation (given State Dept protocols and security rqmts satisfied)**
 - ✓ **Responses help shape Government's strategy for disposal of materials and any subsequent formalized RFP**
 - ✓ **Summary list of candidate munitions is available**
- **Looking for Win – Win Solutions**



RFI at FEDBIZOPS website



<http://www.fbo.gov/spg/USA/USAMC/DAAA09/USA%2DSNOTE%2D060914%2D010/Synopsis.html>

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RFI closes 27 November 2006



Location of Information pertaining to RFI and Industry Day



**[http://www.afsc.army.mil/ac/aais/ioc
/demilitarization/index.htm](http://www.afsc.army.mil/ac/aais/ioc/demilitarization/index.htm)**

**Army Sustainment Command Website
AAIS Acquisition Center Link**

Demilitarization of Conventional Ammo Stockpile Link

Info to be posted on
ASC Website:

- Inventory List
- Industry Day briefing
- Industry Day questions and answers
- Any other questions and answers coming in after Industry Day

PM Demilitarization Website:

**[http://picac2w4.pica.army.mil/PEO Ammo/Joint%20Service/Demil/
pm%20Demil%20Index.htm](http://picac2w4.pica.army.mil/PEO Ammo/Joint%20Service/Demil/pm%20Demil%20Index.htm)**



Your Participation is Vital



- **Help us help you in creating a sound business opportunity**
- **We are eager to take your questions from the floor**
 - ✓ **Introduce yourself and ask questions**
 - ✓ **Turn in written questions at the short break following this presentation**
- **We will make every effort to answer all questions today and questions/answers will be posted to the ASC website**
- **Those questions requiring research will be answered after the meeting and posted to the ASC website**
- **Follow-up questions after Industry Day may be submitted through the Procuring Contracting Officer and will be posted with answers to the ASC website**
- **This presentation and summary list of candidate munitions will also be posted on ASC website**



Path Forward after the RFI Responses are Received

- **Demil Team will evaluate all responses to develop a strategy to proceed**
- **Stay tuned – monitor ASC and FEDBIZOPS websites**



Acronyms/Definitions

ADMC	ANAD Munitions Center
ASC	Army Sustainment Command
BGAD	Blue Grass Army Depot
BLUF	Bottom Line Up Front
BRAC	Base Realignment and Closure
CAAA	Crane Army Ammunition Activity
FY	Fiscal Year
HQ	Headquarters
HWAD	Hawthorne Army Depot
JMC	Joint Munitions Command
LEMC	Letterkenny Munitions Center
MaT	Material and Training Stocks
MCAAP	McAlester Army Ammo Plant
OB/OD	Open Burn/Open Detonation
OCONUS	Outside Continental United States
PBA	Pine Bluff Arsenal
PM	Product Manager
R3	Resource Recovery and Recycling
RFI	Request for Information
RFP	Request for Proposal
RRMC	Red River Munitions Center
SIAD	Sierra Army Depot
TBD	To Be Determined
TEAD	Tooele Army Depot